

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7909

BILL NUMBER: SB 550

NOTE PREPARED: Feb 28, 2003

BILL AMENDED: Feb 27, 2003

SUBJECT: Medicaid and CHOICE.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill extends the Select Joint Commission on Medicaid Oversight to December 31, 2008. The bill sets forth reimbursement requirements under the Community and Home Options to Institutional Care for the Elderly and Disabled (CHOICE) program. The bill also requires a CHOICE provider to provide the same service to a Medicaid waiver recipient if the service is reimbursable under the Medicaid waiver.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) *Select Joint Commission on Medicaid Oversight:* The bill extends the authority for the Select Joint Commission on Medicaid Oversight from December 31, 2003, to December 31, 2008. The Commission is composed of 12 legislators. Currently, legislators receive per diem reimbursement of \$129 (based on the maximum daily amount allowable to employees of the executive branch of the federal government for subsistence expenses while away from home in travel status in the Indianapolis area) and \$0.345 mileage reimbursement. Legislative Council resolutions in the past have established budgets for interim study committees ranging from \$6,000 to \$9,000 per interim for committees with fewer than 16 members. The Legislative Council is funded with state General Fund dollars.

Standardized Statewide CHOICE Reimbursement: This bill requires that the Division of Disability, Aging, and Rehabilitative Services (DDARS) establish statewide CHOICE program reimbursement rates for the ten most utilized services used by recipients in FY 2003. The rates are required to be established before July 1, 2004. The Division may also establish statewide rates for other CHOICE program services. The statewide rates established for the ten most utilized services may not exceed the Medicaid waiver rate by more than 10% for the same or equivalent services. The bill further provides that if a provider serves individuals for

reimbursement under the CHOICE program, the provider must also provide services for Medicaid waiver recipients.

CHOICE is a locally controlled program: currently, the local Area Agency on Aging (AAA) determines the providers, negotiates a local rate, and pays that rate. However, rates for Medicaid waiver services are set on a statewide basis, and the providers must meet Medicaid program standards. The provision requiring statewide reimbursement rates for the ten most utilized services may or may not have an impact on the total cost of the CHOICE program depending upon how specific services in various localities are impacted by the standardization of reimbursement. DDARS has reported that generally the AAAs reimburse more for CHOICE services and have more flexibility than is allowed under the Medicaid program. The provision may result in some savings to the CHOICE program. The bill does not specify that the Medicaid waiver rates may not increase. It requires that the CHOICE rates may not exceed the Medicaid rates by more than 10% so the programs do not compete against each other. A reduction in CHOICE rates may also require an increase in Medicaid waiver rates in order to standardize the program payments. Whether the standardization of rates results in a reduction in the total CHOICE program expenditures, allows for an increase in the total number of persons receiving CHOICE services, or provides for a transfer of CHOICE funding to provide state matching funds for increased rates in the waivers will be the result of legislative or administrative actions.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Division of Disability, Aging, and Rehabilitative Services.

Local Agencies Affected:

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